

Real Estate Assets



Department Description

The Real Estate Assets Department manages the City's real estate portfolio and provides direction in the operations of Concourse and Parking Garages, QUALCOMM Stadium, and PETCO Park. The Real Estate Assets Department has been reorganized to reflect its three main divisions: Acquisition/Disposition, Asset Management, and Corporate Services.

The Acquisition/Disposition Division provides acquisition and relocation services for the City of San Diego including the appraisal and acquisition of sites for public facilities, parks, open space, and right-of-way for the Street Division within General Services. The Division is also charged with cataloging and evaluating City assets to determine which properties are essential for the City's core mission and which can be deemed surplus and made available for disposition. The Division handles the disposition of properties that are determined to be surplus.

The Asset Management Division is responsible for managing the City's diverse real estate portfolio. The Asset Management Division's responsibilities include the administration of over 620 of the City's existing leases, permits, operating agreements, use and occupancy agreements, and sub-leases. Another primary function is the management and administration of the redevelopment of existing leaseholds. The Division handles the negotiation of new leases and permits, renewing expired leases and permits, calculates and implements rental adjustments, and ensures lease compliance.

The Corporate Services Division is tasked with planning, organizing, and executing transactions that support all of the City's facilities needs. The Division works with individual City departments to determine how much space is needed and whether the requirement can be best accommodated through occupancy of City-owned properties, a lease from an outside entity, or the acquisition of a new facility.

The Concourse and Parking Garage special revenue fund provides management for the rental and use of the Community Concourse facilities. In addition, the Department manages the Evan V. Jones Parkade and World Trade Center (WTC) garages in order to provide parking spaces for employees, WTC lessees, and the general public. The Community Concourse is comprised of Golden Hall, Plaza Hall, various conference rooms, box offices, administration offices, and support facilities.

Real Estate Assets

The Department's mission is:

To acquire and manage real estate for the highest public use and benefit, generate maximum revenue through leasing and sales of surplus assets, and maximize the overall financial return of the City's real estate portfolio

Goals and Objectives

The following goals and objectives represent the action plan for the Department.

Goal 1: Professionally manage real estate assets

The City has over 600 leases that generate over \$73.0 million in annual revenue. To maximize this income stream, the City's lease portfolio requires expert management to ensure that the leaseholds continue to perform at their highest possible level. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Exercise effective lease administration
- Improve value of assets

Goal 2: Optimize the City's assets

The City owns over 3,800 properties with a total size of approximately 120,000 acres. Among these properties are some surplus properties that do not directly provide value to the City. The surplus properties are put to use either by leasing them to create revenue for the City or by selling them to generate revenue for the Capital Improvement Fund. The money generated by the leasing and sale of the City's real estate is a vital component of the City's budget. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Develop new revenue sources
- Divest of surplus property
- Maximize lease revenue
- Create redevelopment opportunities

Goal 3: Optimize human resources

Management of the City's real estate portfolio requires a staff with high levels of technical competency and professionalism. These skill-sets must be developed and nurtured for the City's real estate portfolio to achieve optimum performance. The Department will move toward accomplishing this goal by focusing on the following objective.

- Create a culture of success

Goal 4: Centralize management of the City's workspace resources

The City has over 10,000 employees. The implementation of an effective facility plan can reduce costs and improve efficiency citywide. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Enhance operational efficiency
- Provide a quality work environment at the best price

Service Efforts and Accomplishments

The Real Estate Assets Department has made many changes in the way it conducts its core functions to ensure that the City's real estate assets are maintained and managed to the highest standards. The Department's changes resulted in the following improvements:

- The Department was reorganized to align with its core functions: property acquisition/disposition, asset management, and corporate services
- An audit was completed of City-owned properties that indicated that out of approximately 3,800 properties, only two properties were unaccounted for
- Total lease revenues were increased to a total of \$73 million

Real Estate Assets

- The Department acquired and began implementation of a state-of-the-art software system (REPortfolio) that will replace the Department's antiquated and outdated mainframe-based system
- The Department began scanning paper files to an electronic format for easier access and improved security
- The Department sold 19 excess properties with a total value of approximately \$30 million
- The Department currently has 12 City-owned, excess properties for sale with an estimated total market value of \$33 million
- The Seaforth Sportfishing lease was renegotiated so that redevelopment of the leasehold will result in more than \$54 million in revenue generated over a 40-year term
- A new 25-year lease has been established with the Associated Students of SDSU and the Regents of UCSD for the operation of the Mission Bay Aquatic Center
- A new 15-year lease agreement has been made with Rancho De la Lorra LLC for an avocado grove in San Pasqual Valley
- Council Policy 700-10 (leasing and sale of City real estate) was re-written by the Department and approved by Council
- The Department completed 32 telecommunication leases for over \$900,000 of annual rent and over \$500,000 of prepaid rent. The Department administers over 75 telecommunication leases that pay over \$2 million in rent each year
- The Department initiated a new streamlined lease approval process for telecommunication tenants that will result in improved service and efficiency

The parking garages provide parking for more than 1,100 City employees annually. During the past year, the Concourse has been the site for more than 120 events which include the following:

- Naturalization ceremonies for immigrants becoming United States citizens
- Salvation Army holiday dinners
- Homeless children's Christmas parties
- California State Bar exams
- Various employment job fairs
- Election Central

Budget Dollars at Work: Performance Expectations

Goal 1: Professionally manage real estate

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Amount of revenue collected from leases ¹	\$73.7M	\$73.9M	\$74.6M
2. Percent of rent reviews initiated on time	100%	100%	100%
3. Percent deviation between actual revenues and budgeted revenues	Actuals exceeded budgeted by 1.5%	1.0%	10.0%

Goal 2: Optimize the City's assets

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Amount of revenue from sale of City-owned properties	\$24.0M	\$6.5M	\$2.0M
2. Number of required appraisals completed	138	140	125
3. Amount of revenue received from telecommunication facilities located on City-owned property ²	\$2.01M	\$2.09M	\$2.12M

¹ Amount includes all lease revenues collected by Real Estate Assets including General Fund, Enterprise Fund, and Special Revenue Funds. The Real Estate Assets budget only includes certain General Fund Revenue accounts for a projected total of \$41.0 million in Fiscal Year 2010

Real Estate Assets

Goal 3: Optimize human resources

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Percent of property agents involved in professional organizations	56%	65%	70%

Goal 4: Centralize management of the City's workspace resources

Performance Measure	Baseline FY2008	Estimated FY2009	Target FY2010
1. Percent of citywide facilities assessments completed	50%	50%	100%

Budget Dollars at Work: Sizing and Workload Data

	Actual FY2006	Actual FY2007	Actual FY2008	Estimated FY2009	Target FY2010
Workload Data					
Number of City properties managed	N/A	N/A	3,817	3,816	3,816
Number of leases managed	678	680	621	618	620
Number of leasehold site inspections completed annually	N/A	N/A	92	225	200
Number of lease rent adjustments commenced	N/A	N/A	111	144	148
Amount of revenue collected from Concourse and Parking Garage operations	N/A	\$3.18M	\$3.65M	\$3.10M	\$2.96M

² Amount includes revenue generated from all telecommunication leases, not just General Fund. The Department's budget only includes certain General Fund revenue accounts.

Real Estate Assets

Department Summary

Real Estate Assets				
	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED	FY 2009-2010 CHANGE
Positions	82.25	37.50	34.00	(3.50)
Personnel Expense	\$ 8,780,022	\$ 3,797,180	\$ 3,487,667	\$ (309,513)
Non-Personnel Expense	\$ 38,917,654	\$ 4,857,401	\$ 4,421,316	\$ (436,085)
TOTAL	\$ 47,697,676	\$ 8,654,581	\$ 7,908,983	\$ (745,598)

Department Staffing

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
GENERAL FUND			
Real Estate Assets			
Asset Management & Marketing	12.44	7.94	6.94
Corporate Services	0.00	2.00	2.00
Management	13.50	13.50	12.00
Real Estate Acquisition/Valuation	10.56	11.06	11.06
Total	36.50	34.50	32.00
CONCOURSE AND PARKING GARAGES FUND			
Concourse and Parking Garages			
Concourse and Parking Garages	3.00	3.00	2.00
Total	3.00	3.00	2.00
QUALCOMM STADIUM OPERATING FUND			
QUALCOMM Stadium			
Administration	6.05	0.00	0.00
Maintenance	16.70	0.00	0.00
Total	22.75	0.00	0.00
CITY AIRPORT FUND			
Airports			
Airport Management	4.50	0.00	0.00
Brown Field	7.50	0.00	0.00
Montgomery Field	6.50	0.00	0.00
Noise Abatement	1.00	0.00	0.00
Total	19.50	0.00	0.00
PETCO PARK			
PETCO PARK			
Operations and Maintenance	0.50	0.00	0.00
Total	0.50	0.00	0.00
DEPARTMENT TOTAL	82.25	37.50	34.00

Real Estate Assets

Department Expenditures

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
GENERAL FUND			
Real Estate Assets			
Asset Management & Marketing	\$ 1,575,340	\$ 1,046,607	\$ 901,842
Corporate Services	\$ -	\$ 241,130	\$ 238,148
Management	\$ 1,466,480	\$ 1,548,433	\$ 1,506,522
Real Estate Acquisition/Valuation	\$ 1,219,642	\$ 1,318,283	\$ 1,324,611
Real Estate Assets	\$ -	\$ (92,333)	\$ (54,071)
Total	\$ 4,261,462	\$ 4,062,120	\$ 3,917,052
CONCOURSE AND PARKING GARAGES FUND			
Concourse and Parking Garages			
Concourse and Parking Garages	\$ 2,826,170	\$ 4,592,461	\$ 3,991,931
Total	\$ 2,826,170	\$ 4,592,461	\$ 3,991,931
QUALCOMM STADIUM OPERATING FUND			
QUALCOMM Stadium			
Administration	\$ 9,114,538	\$ -	\$ -
Chargers	\$ 2,632,645	\$ -	\$ -
Chargers Training Facility	\$ 75,000	\$ -	\$ -
Maintenance	\$ 6,648,971	\$ -	\$ -
Qualcomm Stadium	\$ 20,425	\$ -	\$ -
Total	\$ 18,491,579	\$ -	\$ -
CITY AIRPORT FUND			
Airports			
Airport Management	\$ 833,078	\$ -	\$ -
Airports	\$ 27,594	\$ -	\$ -
Brown Field	\$ 1,856,964	\$ -	\$ -
Montgomery Field	\$ 1,848,088	\$ -	\$ -
Noise Abatement	\$ 98,580	\$ -	\$ -
Total	\$ 4,664,304	\$ -	\$ -
PETCO PARK			
PETCO PARK			
Ballpark Facility	\$ 5,186	\$ -	\$ -
Operations and Maintenance	\$ 5,984,463	\$ -	\$ -
Sports Center-Project	\$ 11,464,512	\$ -	\$ -
Total	\$ 17,454,161	\$ -	\$ -
DEPARTMENT TOTAL	\$ 47,697,676	\$ 8,654,581	\$ 7,908,983

Real Estate Assets

Significant Budget Adjustments

GENERAL FUND

Real Estate Assets	Positions	Cost	Revenue
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2009 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and fringe adjustments.	0.00 \$	76,890 \$	0
Equipment/Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00 \$	115,528 \$	0
Funding of Terminal Leave Funding of additional personnel expenditures for terminal leave paid to employees who, upon conclusion of their tenure with the City, possess a large leave balance.	0.00 \$	26,002 \$	0
Revised Revenue Adjustment to reflect Fiscal Year 2010 revenue projections.	0.00 \$	0 \$	(1,809,685)
Non-Discretionary Adjustment Adjustments to expense allocations that are determined outside of the department's direct control. These adjustments are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00 \$	(9,174) \$	0
Fiscal Year 2009 Reorganization Adjustment reflects the transfer of 0.50 Ball Park Administrator to PETCO Park from Real Estate Assets.	(0.50) \$	(78,732) \$	0
Vacancy Savings Adjustments to personnel expenses to reflect the anticipated savings resulting from positions projected to be vacant for any period of the fiscal year due to personnel attrition and salary differentials for new employees.	0.00 \$	(80,073) \$	0
Fiscal Year 2009 Budget Amendment Adjustments to personnel and non-personnel expenses, and revenue as a result of the Fiscal Year 2009 Budget Amendment. These adjustments are further discussed in Volume 1: Budget Overview and Schedules.	(2.00) \$	(195,509) \$	0

CONCOURSE AND PARKING GARAGES FUND

Concourse and Parking Garages	Positions	Cost	Revenue
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2009 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and fringe adjustments.	0.00 \$	(2,829) \$	0

Real Estate Assets

Significant Budget Adjustments

CONCOURSE AND PARKING GARAGES FUND

Concourse and Parking Garages	Positions	Cost	Revenue
One-Time Addition Adjustment reflects the transfer of fund balance and excess revenue from the Concourse and Parking Garages Operating Fund to the General Fund. This adjustment is a one-time expenditure addition and will be removed in Fiscal Year 2011.	0.00 \$	1,695,140 \$	0
Addition for Security Services Adjustment reflects the addition of expenses for security services.	0.00 \$	22,632 \$	0
Revised Revenue Adjustment to reflect Fiscal Year 2010 revenue projections.	0.00 \$	0 \$	(30)
Non-Discretionary Adjustment Adjustments to expense allocations that are determined outside of the department's direct control. These adjustments are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00 \$	(3,159) \$	0
Equipment/Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00 \$	(4,118) \$	0
Fiscal Year 2009 Budget Amendment Adjustments to personnel and non-personnel expenses, and revenue as a result of the Fiscal Year 2009 Budget Amendment. These adjustments are further discussed in Volume 1: Budget Overview and Schedules.	(1.00) \$	(93,862) \$	0
Reduction in Operating Reserve Adjustment reflects the reduction of the operating reserve in the Department. The Department will continue to maintain adequate reserves within the fund.	0.00 \$	(550,000) \$	0
One-Time Reduction Adjustment to reflect the removal of one-time revenues and expenditures implemented in Fiscal Year 2009.	0.00 \$	(1,664,334) \$	0

Expenditures by Category

	FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
PERSONNEL			
Salaries & Wages	\$ 6,084,705	2,522,677	2,352,441
Fringe Benefits	\$ 2,695,317	1,274,503	1,135,226
SUBTOTAL PERSONNEL	8,780,022	3,797,180	3,487,667

Real Estate Assets

Expenditures by Category

		FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
NON-PERSONNEL				
Supplies & Services	\$	36,427,650	4,650,210	4,103,721
Information Technology	\$	268,640	71,966	172,339
Energy/Utilities	\$	1,875,314	94,234	104,265
Equipment Outlay	\$	346,050	40,991	40,991
SUBTOTAL NON-PERSONNEL		38,917,654	4,857,401	4,421,316
TOTAL		47,697,676	8,654,581	7,908,983

Revenues by Category

		FY 2008 BUDGET	FY 2009 BUDGET	FY 2010 PROPOSED
GENERAL FUND				
Licenses and Permits	\$	151,844	\$ 147,550	\$ 152,219
Revenue from Money & Property	\$	36,717,825	\$ 41,474,190	\$ 39,541,979
Charges for Current Services	\$	2,325,327	\$ 1,982,854	\$ 2,100,711
TOTAL	\$	39,194,996	\$ 43,604,594	\$ 41,794,909

Salary Schedule

GENERAL FUND

Real Estate Assets

<i>Class</i>	<i>Position Title</i>	<i>FY 2009 Positions</i>	<i>FY 2010 Positions</i>	<i>Salary</i>	<i>Total</i>
1104	Account Clerk	1.00	1.00	\$ 37,811	\$ 37,811
1218	Assoc Management Analyst	1.00	1.00	\$ 63,595	\$ 63,595
1228	Assoc Property Agent	3.00	2.00	\$ 64,826	\$ 129,652
1237	Payroll Specialist I	1.00	1.00	\$ 39,511	\$ 39,511
1348	Info Systems Analyst II	1.00	1.00	\$ 63,270	\$ 63,270
1746	Word Processing Operator	2.00	1.00	\$ 37,643	\$ 37,643
1756	Property Agent	10.00	10.00	\$ 71,583	\$ 715,833
1776	Public Information Clerk	2.00	2.00	\$ 37,437	\$ 74,873
1844	Sr Account Clerk	1.00	1.00	\$ 42,722	\$ 42,722
1876	Executive Secretary	1.00	1.00	\$ 51,538	\$ 51,538
1917	Supv Management Analyst	1.00	1.00	\$ 80,297	\$ 80,297
1929	Supv Property Agent	5.00	4.00	\$ 80,891	\$ 323,565
2177	Real Estate Assets Director	1.00	1.00	\$ 143,499	\$ 143,499
2214	Deputy Director	1.00	1.00	\$ 119,999	\$ 119,999
2245	Ball Park Administrator	0.50	0.00	\$ -	\$ -
2270	Program Manager	3.00	4.00	\$ 91,000	\$ 363,999
	Vacancy Factor Adjustment	0.00	0.00	\$ -	\$ (80,073)

Real Estate Assets

Salary Schedule

GENERAL FUND

Real Estate Assets

<i>Class</i>	<i>Position Title</i>	<i>FY 2009 Positions</i>	<i>FY 2010 Positions</i>	<i>Salary</i>	<i>Total</i>
	Termination Pay Annual Leave	0.00	0.00	\$ -	\$ 26,002
	Total	34.50	32.00	\$	2,233,736

CONCOURSE AND PARKING GARAGES FUND

Concourse and Parking Garages

<i>Class</i>	<i>Position Title</i>	<i>FY 2009 Positions</i>	<i>FY 2010 Positions</i>	<i>Salary</i>	<i>Total</i>
1104	Account Clerk	1.00	1.00	\$ 37,814	\$ 37,814
1218	Assoc Management Analyst	1.00	0.00	\$ -	\$ -
1929	Supv Property Agent	1.00	1.00	\$ 80,891	\$ 80,891
	Total	3.00	2.00	\$	118,705

REAL ESTATE ASSETS TOTAL	37.50	34.00	\$	2,352,441
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Real Estate Assets

Revenue and Expense Statement (Non-General Fund)

CONCOURSE & PARKING GARAGES OPERATING FUND 10322

	FY 2008* BUDGET	FY 2009* BUDGET	FY 2010 PROPOSED
BEGINNING BALANCE AND RESERVE			
Balance from Prior Year	\$ -	\$ 1,269,426	\$ 727,428 ⁽¹⁾
Fund Balance Reserve	\$ -	\$ 550,000	\$ 668,663
TOTAL BALANCE	\$ -	\$ 1,819,426	\$ 1,396,091
REVENUE			
Concourse Event Revenue	\$ 600,000	\$ 600,000	\$ 600,000
HBJ Parking Garage	\$ 352,040	\$ 360,140	\$ 360,110
Municipal Parking Garage	\$ 1,947,200	\$ 2,005,100	\$ 2,005,100
Other Centre City Rental	\$ 357,795	\$ 357,795	\$ 357,795
TOTAL REVENUE	\$ 3,257,035	\$ 3,323,035	\$ 3,323,005
TOTAL BALANCE AND REVENUE	\$ 3,257,035	\$ 5,142,461	\$ 4,719,096
OPERATING EXPENSE			
Administration - Concourse	\$ 258,346	\$ 273,877	\$ 190,394
Operating Reserve Appropriation ⁽²⁾	\$ 550,000	\$ 550,000	\$ -
Operations - Concourse	\$ 1,581,731	\$ 1,484,157	\$ 1,855,304
Operations - Parking Garages	\$ 436,093	\$ 620,093	\$ 251,093
Transfer to the General Fund	\$ -	\$ 1,664,334	\$ 1,695,140
TOTAL OPERATING EXPENSE	\$ 2,826,170	\$ 4,592,461	\$ 3,991,931
TOTAL EXPENSE	\$ 2,826,170	\$ 4,592,461	\$ 3,991,931
RESERVE			
Fund Balance Reserve	\$ -	\$ 550,000	\$ 668,663
TOTAL RESERVE	\$ -	\$ 550,000	\$ 668,663
TOTAL RESERVE	\$ -	\$ 550,000	\$ 668,663
BALANCE	\$ 430,865	\$ -	\$ 58,502
TOTAL EXPENSE, RESERVE, AND BALANCE	\$ 3,257,035	\$ 5,142,461	\$ 4,719,096

* At the time of publication, audited financial statements for Fiscal Year 2008 were not available. Therefore, the Fiscal Years 2008 and 2009 columns reflect final budget amounts from the Fiscal Year 2008 and 2009 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.

(1) Estimated fund balance from prior year

(2) Operating reserve is budgeted in the operating expense

